

## Message Text

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PAGE 01 VALLET 01025 240716Z  
ACTION EUR-12

INFO OCT-01 ISO-00 EB-08 COME-00 TRSE-00 OMB-01 L-03  
H-02 CIAE-00 INR-10 NSAE-00 SP-02 /039 W  
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FM AMEMBASSY VALLETTA  
TO TREASURY WASHDC  
INFO SECSTATE WASHDC 8128

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E.O. 11652: N/A  
TAGS: EFIN, EINV, MT  
SUBJECT: RENEWED GOM INTEREST IN US/MALTA TAXATION TREATY.  
REF: A) 77 VALLETTA 1158, B) 76 STATE A-2991,  
- C) 74 VALLETTA A-101

1. WE UNDERSTAND MALTESE CHARGE IN WASHINGTON AGIUS WILL SOON BE INSTRUCTED TO GET IN TOUCH WITH TREASURY AT WORKING LEVEL TO ASSESS PROSPECTS FOR RESUMPTION OF NEGOTIATIONS ON A US/MALTA TREATY ON AVOIDANCE OF DOUBLE TAXATION. DR. MORTIMER BERLIN, A US CITIZEN CONSULTANT EMPLOYED BY MALTA DEVELOPMENT CORPORATION, HAS REPORTED TO EMBOFF THAT HIGH LEVEL GOM OFFICIALS ARE INCREASINGLY AWARE THAT ABSENCE OF SUCH A TREATY IS HINDRANCE TO GOM'S CAMPAIGN TO ATTRACT FOREIGN INVESTMENT. BERLIN WAS BRIEFED BY EMBOFF ON USG PERCEPTION OF IMPASSE OCCASIONED BY PREVIOUS GOM INSISTENCE THAT "TAX SPARING" PROVISION BE PART OF SUCH A TREATY AND, SUBSEQUENT TO HIS DISCUSSIONS WITH GOM FINMIN ABELA AND ATTORNEY GENERAL MIZZI, STATED HE BELIEVED THEY DISPLAYED SOME FLEXIBILITY ON THIS ISSUE. BERLIN WAS ALSO MADE AWARE OF PAST EMBASSY EFFORTS TO GAUGE MALTESE FLEXIBILITY ON THE "TAX SPARING" ISSUE (REF B).

2. ATTORNEY GENERAL MIZZI, IN TELEPHONE CONVERSATION  
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WITH AMBASSADOR CONCERNING OTHER MATTERS, RAISED TAX TREATY ISSUE AND ASKED IF "FRUITFUL" DISCUSSIONS ON SUBJECT WOULD BE POSSIBLE. AMBASSADOR RESPONDED THAT US GOVERNMENT WOULD WELCOME MOVEMENT IN THIS AREA AND THOUGHT DISCUSSIONS WOULD BE USEFUL PROVIDED SOME FLEXIBILITY ON GOM SIDE WERE ALSO POSSIBLE. MIZZI ALSO MENTIONED BERLIN DISCUSSIONS.

3. WHILE FULLY RECOGNIZING THE CONSTRAINTS ON USG NEGOTIATING FLEXIBILITY BECAUSE OF US SENATE REFUSAL TO RATIFY TAX TREATIES CONTAINING "TAX SPARING" PROVISIONS, EMBASSY IS HOPEFUL THAT GOM'S REPORTEDLY MORE FLEXIBLE POSITION ON THE ISSUE COULD IMPROVE THE PROSPECTS FOR A RESUMPTION OF DISCUSSIONS. WE WOULD APPRECIATE APPROPRIATE COURTESIES BEING EXTENDED TO CHARGE AGIUS DURING THE FORTHCOMING EXPLORATION OF THE TAX TREATY ISSUE AND BEING KEPT POSTED ON ANY DEVELOPMENTS.

4. FYI: DR. MORTIMER A. BERLIN, ATTORNEY AT LAW RESIDENT IN TOPEKA, KANSAS, WAS HIRED AS A CONSULTANT BY THE MALTA DEVELOPMENT CORPORATION LAST FALL TO ASSIST IN GOM'S EFFORTS TO IDENTIFY US COMPANIES THAT MAY HAVE AN INTEREST IN MALTA AS AN INVESTMENT SITE AND TO ADVISE THE GOM ON HOW BEST TO ATTRACT SUCH COMPANIES. WE UNDERSTAND THAT BERLIN HAS PERFORMED SIMILAR CONSULTING SERVICES FOR OTHER GOVERNMENTS IN THE PAST. END FYI. LAINGEN

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## Message Attributes

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**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** TAX COLLECTIONS, TAX AGREEMENTS  
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**TAGS:** EFIN, EINV, MT  
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